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WA-18

2014 Financial Audit

We just received our completed financial audit from Moss Adams for 2014. I want to give you access to that report and provide some highlights.

I am pleased that Moss Adams reports that there were no significant deficiencies or material weaknesses in our financial controls. There were two discrepancies noted, both of which have been corrected.

As of the end of 2014, your PUD had ownership of plant in service totaling \$301,591,834. This is the value of the plant we have in service, before accumulated depreciation. The value of our infrastructure after depreciation is \$217,188,640.

These numbers are essentially the equipment and facilities we use to serve you, as customers, on our electric, water and waste water systems, as well as our transmission and generation facilities.

The PUD had \$2.8 million in rate stabilization funds and \$20 million in current assets, which includes cash, receivables, materials and supplies, as well as accounting for a prepaid power contract. These numbers do not include restricted bond reserve funds, which we are required to have on hand by our bond holders. These funds total an additional \$12.8 million.

On the other side of the ledger, we had \$129.5 million in long-term debt and \$9.5 million in current liabilities, which includes accounts payable and other accrued liabilities.

Operating revenues for 2014 were \$45 million, and operating expenses were \$43.5 million. Net operating income was \$1.4 million. After including non-operating revenues and expenses, our net change in position was -\$0.97 million. The actual 2014 year-end net position was \$99.6 million. We ended the year with about 120 days operating cash on hand, and debt service coverage was 1.49.

The complete audit can be found at www.klickitatpud.com/topicalMenu/about/financialReports.aspx.



Jim Smith
General Manager